GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Public Servants - Revenue (Commercial Taxes) Department - Vigilance Report No.1 (C.No.1666/V&E/R1/2016), dt.03.01.2017 - Evasion of VAT by M/s.Kaveri Enterprises, Markapur - Gross negligence in performing duties by CTO and ACTO, Markapur at the time of issuance of Registration Certificate, Advisory visit and verification of e-waybills in April, 2016 resulting loss of revenue of Rs.1,94,26,867/- to the Govt., exchequer - Common disciplinary proceedings initiated against the CTO & ACTO, Markapur - Articles of charges framed - Explanation submitted - IO & PO appointed - IR received - Charges proved against the CTO and disagreed with the findings of the IO in respect of other CO - Proposed to impose penalty under Rule 9 of A.P.Revised Pension Rules, 1980 - Show Cause Notice issued - Written explanations submitted - Imposed penalty of withholding 10% pension permanently against the retired Charged Officer Sri B.Krishna Murthy, Asst.Commr.(ST) (Audit), O/o.Jt.Commr.(ST), Kakinada Division - Orders - Issued.

REVENUE (VIGILANCE-VI) DEPARTMENT

G.O.RT.No. 941 Dated: 29-08-2025

Read the following:-

1. From the D.G.(Vig & Enft) & E.O.Prl.Secy.to Govt.(FAC), G.A. (Vig & Enft) Dept., Vigilance Report No.1 (C.No.1666/V&E/R1/2016), dt.03.01.2017.
2. Govt.Memo.No.17023/14/2017-Vig.II(3)-1, dt.03.04.2017.
3. Proceedings of the CCT Ref.No.V(1)/143/2017, dt.16.05.2017.
4. From the Inquiry Authority & Dy.Commr.(ST) (Legal), O/o.CCST, Inquiry Report dt.20.07.2018 & 25.07.2018.
5. Govt.Memo.No.17023/14/2017-Vig.II(3), dt.05.01.2022.
6. From the CCT's Lr.Ref.No.V1/143/2017, dt.21.02.2022.
7. From the CCST, Lr.Ref.No.V1/143/2017, dt.30.07.2024.
8. W.P.No.27012 of 2024 filed by Sri B.Krishna Murthy, CTO (Retd) in Hon'ble High Court of A.P., dt.22.11.2024.
9. Govt.Memo.No.REV-17023/14/2017-VIG.II-REV (Computer No.180242), dt.08.04.2025 (Show-Cause Notice issued)
10. Govt.Memo.No.REV-17023/14/2017-VIG.II-REV (Computer No.180242), dt.08.04.2025 (CCST requested to file criminal charges against M/s.Kaveri Enterprises)
11. G.O.Rt.No.308, Revenue (Vig-VI) Dept., dt.09.04.2025.
12. From the CCST's Lr.Ref.No.V1/143/2017, dt.09.06.2025.
13. From Sri B.Krishna Murthy, CTO (retd.), expln. dt.29.06.2025.
14. From the JC(ST), KKD, Lr.Ref.No.P1/29/2019, dt.30.06.2025.
15. From the CCST's Lr.Ref.No.V1/143/2017, dt.09.07.2025 along with explanation dt.29.06.2025.

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ORDER:

Whereas, in the reference 1st read above, the Director General (Vig & Enft), E.O. Prl. Secretary to Govt.(FAC), Genl.Admn. (Vig & Enft) Dept., have reported that M/s.Sri Kaveri Enterprises, Markapur, evaded taxes using 71 VAT

and 58 CST waybills in April, 2016, leading to a turnover without paying Rs.1,94,26,867/- in taxes. The CT Dept., officials failed to follow registration procedures, resulting loss caused to the Government and recommended for stern disciplinary action against Sri B.Krishna Murthy, CTO, Markapur Circle, Nellore and Sri B.Prasanna Kumar, ACTO, Markapur.

2. Whereas, in the reference 2nd read above, Govt., have requested the CCST to initiate major penalty proceedings against incumbents for failure in discharging legitimate duties for issuing VAT Registration Certificate without proper physical inspection of the three firms M/s. Kaveri Enterprises, Markapur under Rule 24 of APCS (CC&A) Rules, 1991 against the AOs i.e., i) Sri B.Krishna Murthy, CTO, Markapur Circle, Nellore and ii) Sri B.Prasanna Kumar, ACTO, Markapur.

3. Whereas, in the reference 3rd read above, the articles of charges were issued against both the Charged Officers under rule 24 of APCS (CC&A) Rules, 1991 and the same were served on 16.05.2017 respectively. The charge framed against Sri B.Krishna Murthy, Commercial Tax Officer is as follows:-

> ***CHARGE:*** *That the said Sri B.Krishna Murthy, Commercial Tax Officer, Markapur Circle, Nellore division committed grave irregularities in respect of M/s.Kaveri Enterprises and not followed the guidelines while issuing Registration Certificate and inclusion of sensitive commodities and allowed the dealer in generation of e-way bill (71 VAT and 58,CST) in a month. He did not make any attempt to audit and review the transaction made by the dealer even after 6 months i.e., generating of 71 VAT & 58 CST e-waybill each ranging from Rs.14 lakh to Rs.21 lakh and into Rs.24,56,94,485/- in the month of April, 2016 only, and declared purchases of Rs.14,31,42,857/- and sales of Rs.14,38,56,031/- and paid only Rs.36,659/- tax by the dealer, resulting in evasion of VAT to a tune of Rs.1,94,26,867/-. Thus it is a clear case of dereliction of duty, willful negligence and criminal misconduct on the part of the said officer.*
>
> *Sri B.Krishna Murthy, Commercial Tax Officer, Markapur failed to take proper care and steps in conducting Advisory Visits. Pre-registration and post advisory visits were not conducted promptly or conducted improperly. Thus, Sri B.Krishna Murthy, Commercial Tax Officer, Markapur Circle by his above mentioned acts, exhibited lack of integrity, devotion to duty, conduct unbecoming of a Government Servant in violation to the provisions under rule 3(1) and (2) of APCS (Conduct) Rules, 1964.*

After examining the Written Statement of Defence submitted by the COs, Sri V.S.Kiran Chowdary, Dy.Commr.(CT), O/o.CCT was appointed as Enquiry Officer and Sri P.Soma Sekhar Reddy, Asst.Commr.(CT) (Audit), O/o.DC (CT), Nellore Division was appointed as the Presenting Officer.

4. Whereas, in the reference 4th read above, Sri V.S.Kiran Chowdary, Dy. Commr.(CT), O/o.CCT and the inquiry authority has submitted his inquiry report. The Enquiry Officer after conducting enquiry has submitted his findings holding that the charge framed against Sri B.Krishna Murthy, CTO, Markapur is proved and that charge framed against Sri B.Prasanna Kumar, ACTO, Markapur is not proved.

5. Govt., after detailed examination of the inquiry report and written representations submitted by the Charged Officers concluded that they have not followed the guidelines of APVAT Act 86 Rules, 2005 or CST Act, 1956, while issuing Registration Certificate and inclusion of sensitive commodities and allowed the dealer in generation of e-waybills. Hence, disagreed with the findings of the Inquiry Authority in respect of Sri B.Prasanna Kumar, ACTO, Markapur in respect of whom, the charges were held as not proved.

6. Whereas, in the reference 5th read above, Govt., requested the CCST i) to recover the evaded tax from the dealer by invoking the provisions of the R.R. Act, including arrest provisions. He was instructed that if it fails, alternatively to verify whether any dealer claimed input tax credit on the purchases made from this registration and disallow the claim, which will also result in recovery of the tax evaded if permitted by rules; ii) to communicate the Inquiry Report to the CO-1 Sri B.Krishna Murthy, CTO (charge is held proved in the inquiry) and iii) to communicate the I.R. along with disagreement factors to the CO-2 Sri B.Prasanna Kumar, ACTO (charge is held not proved in the inquiry).

7. Whereas, in the reference 6th read above, the CCST submitted a detailed report explaining the evasion and wherein the AC(ST), Markapur reported that M/s.Kaveri Enterprises used numerous waybills without reporting turnovers or paying taxes. Further regarding the evaded tax from sales, the improperly claimed input tax credit and the total suppressed tax. The report also included details of the levied tax and penalty, the addl. demand under CST and requested to take necessary action based on the report.

8. Whereas, in the reference 7th read above, the CCST has furnished the served copy of Sri B.Krishna Murthy, CTO and requested to issue the necessary orders in the matter. The C.O. Sri B.Krishna Murthy, CTO has submitted his representation directly to Govt., for taking further necessary action in the matter.

9. After a detailed examination of the defense submitted by the CO, it is clear that their justifications are not convincing. Based on the V&E (V&E) findings, their actions show clear negligence, failure to follow proper procedures and possible collaboration with the dealer. The CO' focus more on legal loopholes than on providing solid proof against the charge. Govt., observed that there were so many e-way bills issued; the CO didn't audit or review the dealer's transactions for over six months, showing clear negligence. The issues of VAT evasion and the lack of proper audits strongly support the need for disciplinary action. The large amount of tax evasion and the failure to follow procedures highlight serious misconduct.

10. Whereas, in the reference 8th read above, Sri B.Krishna Murthy, CTO (Retd.) Kakinada, E.G.dist., filed a W.P.No.27012/2024 and the orders of Hon'ble High Court are as follows: -

> *"Given the facts and circumstances of the case, without touching the merits of the matter, the Writ Petition is disposed of, with the consent of both the counsel, at the stage of admission, directing the respondents to conclude the inquiry within two (2) months from the date*

of receipt of the copy of the order in terms of G.O.Ms.No.679, dt.01.11.2008 and G.O.Ms.No.91, dt.12.09.2022 and by following the procedure mandated in APCS (CC&A) Rules, 1991. No order as to costs."

11. Govt., have examined the inquiry report and written repn., submitted by the Charged Officer Sri B.Krishna Murthy, CTO (Retd.) Kakinada, E.G.dist., and also record of material available, Government have decided to impose the penalty of withholding 10% pension permanently against the retired Charged Officer on Sri B.Krishna Murthy, AC(ST) (Audit), O/o.JC(ST), Kakinada Division (now retired) under Rule 9 of A.P.Revised Pension Rules, 1980.

12. Accordingly, in the reference 9th read above, a show-cause notice has been issued to Charged Officer i.e., Sri B.Krishna Murthy, Asst.Commissioner (ST) (Audit) (Retd), O/o.Jt.Commr.(ST), Kakinada Division as required under Rule 9 of A.P.Revised Pension Rules, 1980 to submit his explanation to the show-cause notice within 15 days to the Govt. Further Government have imposed penalty of two annual grade increments with cumulative effect against Sri B.Prasanna Kumar, ACTO, now Dy.CTO vide reference 11th read above. Whereas, in the reference 10th read above, Govt., requested the CCST, AP to press for criminal charges against M/s.Kaveri Enterprises to recover the loss of Rs.1,94,26,867/- caused to the Govt.

13. Whereas, the CCST vide reference 15th read above has furnished the written explanation dt.29.06.2025 submitted by the Charged Officer Sri B.Krishna Murthy, former CTO, to the show cause notice and requested to take further necessary action in the mater. The Charged Officer in his written representation has stated that he has taken the trouble of fixing assessment on evasion of tax to Govt., duly following the procedure and got a demand notice served on the M/s.Kaveri Enterprises. The detailed information regarding his identity, such a Aadhaar card, property tax, registration certificate and payment of tax to the municipality, etc., and when the vigilance authorities have reported that the business premises is faked one, immediately action shall be initiated to book a FIR against the culprit who is a local person. No such action has been taken by the Department. He has stated that his special representation dt.28.08.2024 submitted to the Govt., be perused and treated as part of his explanation and to appreciate the facts submitted him in right perspective and do consider the vitality or gravitation of the misconduct imputed to him in this case and take a lenient view of the matter and exonerate him from the charge to drop further action on charge levelled against him to meet the ends of justice. He has stated that for no fault of him i.e., neither he has not negligent nor, faced any corruption allegations, beyond all, after a long lapse of 8 years of initiation of disciplinary case, now, the Govt., proposes to impose a cut of 10% from the pension permanently is not at all justified. Because of the unexplained delay so far made, himself and his family were subjected to severe punishment of untold misery due to poverty and having served the Govt., for more than 33 years himself along with his entire family seriously prejudiced. He had to suffer and survive with scant amount sanctioned as provisional pension which is no all sufficient in the fag-end of their lives suffering from old aged ailments. If the proposed 10% is recovered from his monthly pension permanent it will be very difficult for them to live on as it would not be sufficient even to lead a peaceful life. Therefore, Sri B.Krishna Murthy, CTO (retd.) has requested to take lenient

view in the matter and drop further action if not reconsider the propose penalty to reduce or to a limited period to meet the ends of justice.

14. After through verification of Inquiry Report, it is observed that the justifications are not convincing. Based on the Vigilance & Enforcement (V&E) findings, their actions show clear negligence, failure to follow proper procedures, and possible collaboration with the dealer. The Charged Officer's defenses are weak and focus more on legal loopholes than on providing solid proof against the charge. It is further observed that there were so many e-way bills issued; the charged officer didn't audit or review the dealer's transactions for over six months, showing clear negligence. The issues of VAT evasion and the lack of proper audits strongly supports the need for disciplinary action. The large amount of tax evasion and the failure to follow procedures highlight serious misconduct.

15. Government, after careful examination of the written explanation submitted by the retired Charged Officer and material available on record and in view of the findings of the Inquiry Officer, hereby order to impose penalty of withholding of 10% monthly pension permanently against the retired Charged Officer Sri B.Krishna Murthy, Assistant Commissioner (State Tax) (Audit), O/o. Joint Commissioner (State Tax), Kakinada Division under Rule 9 (1) of A.P. Revised Pension Rules, 1980, as the charge framed against him is held proved.

16. The Chief Commissioner of State Tax, Andhra Pradesh, Kunchanapalli, Guntur district shall take further necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

PEEYUSH KUMAR
PRINCIPAL SECRETARY TO GOVERNMENT

To
Sri B.Krishna Murthy, former CTO now AC (ST) (retired), O/o.JC (ST),
Kakinada Division (through the Chief Commissioner of State Tax,
Andhra Pradesh, Kunchanapalli, Guntur district)
The Chief Commissioner of State Tax, Andhra Pradesh,
Kunchanapalli, Guntur district

Copy to:-
The Secretary to Vigilance Commissioner, Andhra Pradesh
Vigilance Commission, for favour of information
The Director General (Vigilance & Enforcement) & Ex-Officio
Principal Secretary to Government, General Administration
(Vigilance & Enforcement) Department, for favour of information
The Accountant General, A.P., Vijayawada
SF/SCs (Computer No.180242)

// FORWARDED :: BY ORDER //

SECTION OFFICER